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CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT



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CONFIDENTIAL

Fast Company

November 1955

SUBJECT

Fulfillment of the 1955 Economic Plan: First Half Year

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PLACE
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SUPPLEMENT TO
REPORT NO

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1. As of 30 June 1955, the 1955 Economic Plan for East Germany had been fulfilled as follows:

Gross production	49.2 %
Goods turnover in retail trade	47.5 %
Receipts to State Treasury (without financial equalization - Einnahme des Staatshaushaltsplanes ohne Finanzausgleich)	47.2 %

<u>Development of stocks and budget funds</u> (Bestaende und Haushaltsmittel)			
<u>(in billions of DME)</u>	<u>31 December 1954</u>	<u>Plan 1955</u>	<u>30 June 1955</u>
East Germany	850.6	559.1	1,215.5
Bezirke	257.5	278.4	277.8
State Treasury	1,108.1	1,137.5 (sic)	1,493.3

<u>Decrease of Operating costs (Selbstkostensenkung) in East Germany</u>	
Planned for 1955	4.96%
Achieved by 30 June 1955	3.11%

<u>Cost of goods production in nationalized industry</u>	
Planned for 1955	88.28 DME per 100 DME of goods produced.
Achieved by 30 June 1955	88.56 DME per 100 DME of goods produced.

The Ministry for Finance considers the plan fulfillment to date to be satisfactory. In view of the plan reserves on hand, the Ministry now anticipates over-fulfillment of the 1955 Economic Plan by the end of the year.

2. Some of the more specific fulfillment figures as of 30 June 1955 are:
- | | |
|---|---------|
| <u>Cooperatives</u> (<u>Genossenschafts</u> Abgabe) | 52.4 % |
| <u>Private sector of the economy</u> (textiles, clothing) | 47.5 % |
| (Planned increase for 1955 - Wachstum - | 2.1 % |
| Achieved by 30 June 1955 - | 9.7 %) |

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Consumption taxes (Verbrauchsabgabe) - 80 excises were overfulfilled by 280 MDME.

Retail trade turnover on 30 June 1955 reached 109. % of 1954 figure. (The 1955 Economic Plan called for an increase of 3.3%.)

Social Insurance (SVK) - Expenditures for the year 1955 will amount to 118 MDME more than the 80 MDME income.

Savings Deposits

Planned increase for 1955

1,700 MDME

Achieved by 30 June 1955

528.8 MDME

Relationship between production workers and other employees

1955 plan achieved by 31 May 1955

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Agricultural Productive Cooperatives (LPO) -

Funds already engaged by 30 June 1955

73.4 %

Deutsche Reichsbahn (Railroads)

Income (Einnahme) underfulfilled as of 30 June 1955

45.6 %

Expenditures as of 30 June 1955

49.5 %

(Passenger and freight traffic fell below the plan level.)

Trade - Stocks on hand (Bestände)

In excess of plan on 31 January 1955

408.3 MDME

In excess of plan on 30 June 1955

517.5 MDME

Less than plan on 31 January 1955

174.5 MDME

Less than plan on 30 June 1955

315.2 MDME

Textile stocks in excess of plan on 30 June 1955

280. MDME

Stocks in excess of plan -

Nationalized industry)

on 31 December 1954

2,277.6 MDME

Trade)

on 31 May 1955

2,397.5 MDME

Cooperatives)

Course of production (Produktions Ablauf)

Machine construction industry in the first half of 1955 lost 3.7 million working hours (Ausfallstunden) through stoppages and breakdowns.

During the same period, 2.97 million overtime hours (Überstunden) were also recorded.

Light industry during the first half of 1955 lost 5.3 million working hours.

3. Estimated plan fulfillment for 1955

As of 30 June 1955, planned income was realized by

47.6 %

Planned expenditures were fulfilled by

46.6 %

Estimated income fulfillment for 1955

99.7 %

Estimated expenditures fulfillment for 1955

98.8 %

Overfulfillment is expected to result from:

a) Consumption taxes

280. MDME

b) Taxes - private and co-operative

90. MDME

c) Nationalized industry

83. MDME

4. Points of emphasis in 1956

a) Accumulation (total revenue minus government subsidies) for East Germany
Planned increase during 1956 over 1955

27.2 %

1) Goods production - anticipated in 1955

36,849.6 MDME

Planned for 1956

40,785.7 MDME

Decrease in operating costs - planned 1956

4.83 %

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- 2) Trade Turnover - increase in 1956 6.3 %
 (1955 goods turnover is expected to amount to 33,500 MDME)
 Accumulation from trade in 1955 is to reach 1,114.3 MDME
 Accumulation in 1956 is planned at 1,308.2 MDME
 Increase for 1956 over 1955 17.4 %
- 3) Deutsche Reichsbahn
 Increase in gross production in 1956 over 1955 103.2 %
 Decrease in operating costs in 1956 2.4 %
 Accumulation expected to be achieved in 1955 152.5 MDME
 Accumulation planned for 1956 230.1 MDME
- 4) Post and Telecommunications
 Increase in gross production in 1956 over 1955 102.7 %
 Decrease in operating costs in 1956 2.4 %
 Increase in Accumulation during 1956 over 1955 22. MDME
 (10% over the level expected to be achieved in 1955.)
- 5) Machine Construction Industry
 Decrease in operating costs in 1956 7.1 %
 Increase in Accumulation in 1956 through decrease of operating costs 1,459.9 MDME
 Increase in goods production in 1956 395. MDME
 Accumulation increase in 1956 over 1955 114.6 %
 (The Ministry for Finance seriously questions the validity of the Machine Construction Industry's plans for 1956 in view of the industry's traditional over-optimism in its planning.)
- b) Taxes
- 1) Cooperative taxes - anticipated in 1955 428.7 MDME
 planned for 1956 474.6 MDME
- 2) Private sector of economy - anticipated for 1955 2,508.8 MDME
 Planned for 1956 2,626.8 MDME
- 3) Artisan (Handwerk) taxes increased in 1956 over 1955 by 7.6 MDME
- 4) No increase in agricultural taxes
- 5) Employment taxes (Werkstatigen) increased in 1956 by 22.5 MDME
 Wages in 1956 are to increase by about 1.9 %
- c) Investments
 Anticipated achievement in 1955 3,504.2 MDME
 Planned for 1956 5,368.3 MDME
 An increase of 53. %
- d) Foreign Trade
 Increase in exports planned for 1956 9.5 %
 Increase in imports planned for 1956 2.7 %
 Increase in subsidies resulting therefrom (Subvention) 197.8 MDME
- e) Agriculture
- 1) Nationalized farms - subsidies in 1956, planned 74.4 MDME
- 2) Machine Tractor Stations (MTS) - supports in 1955 764.1 MDME
 - (Staatung) supports in 1956 796.6 MDME
- 3) Control and Purchasing of Agricultural Products (VEAS)
 - supports in 1955 2,959.9 MDME
 - supports in 1956 3,159.9 MDME
- 4) Other expenditures for promoting agriculture
 Dairy supports, etc., in 1955 724.9 MDME
 in 1956, planned 615.0 MDME
 Agricultural production cooperatives
 - supports in 1955 18. MDME
 - supports in 1956 40. MDME

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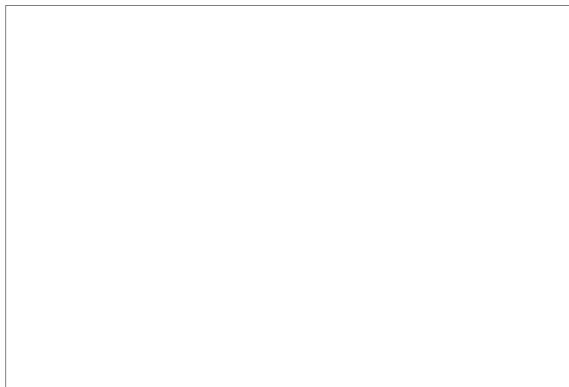
- f) Cultural, Social and Health Matters (not including social insurance)
 Expenditures anticipated in 1955 10,940. MENE
 Expenditures planned for 1956 11,542.5 MENE
- g) Research - Anticipated expenditures in 1955 519. MENE
 Planned expenditures in 1956 600. MENE
 (The planned 1956 expenditures are prorated, 550 MENE for general research,
 15 MENE for awards, 150 MENE for operating costs and 85 MENE for reserves.)
- h) Social Insurance (SVK)
 Income in 1956 is planned at 80 MENE more than in 1955. (Expenditures
 "must decrease", according to the Ministry for Finance.)
- i) Long-term Credits
 In 1954, they amounted to 871. MENE
 In 1955, they are expected to amount to 1,100. MENE
 In 1956, they are planned at 1,500. MENE

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